



## Treasurer Sells Bonds for Department of Veterans Affairs

On March 17, the Treasurer sold approximately \$240 million in home purchase revenue bonds for the State Department of Veterans Affairs. Proceeds from the sale will provide affordable long-term housing and farm loans to California veterans.

Both Standard & Poor's and Fitch IBCA have upgraded the home purchase revenue bonds as well as the outstanding general obligation veterans bonds from "A+" to "AA-". These rating upgrades reflect the financial restructuring and programmatic changes made during the past two years.

The bonds were sold in a negotiated sale to a team of underwriters led by Merrill Lynch & Co. and co-managed by Bear, Stearns & Co. Inc., J. P. Morgan & Co., Great Pacific Securities Inc., NationsBanc Montgomery Securities LLC and Ramirez & Co., Inc. Public Resources Advisory Group served as financial advisor and Hawkins, Delafield & Wood served as bond counsel.

## Economic Update

The Department of Finance (DOF) states that California's economy got off to a good start in early 1999 and that job growth remains strong (see article regarding California's unemployment rate).

DOF also indicates that revenue receipts through February are \$26 million, or 0.1 percent, below forecast. DOF will be releasing the May Revision to the Governor's Budget in May. This revision will incorporate adjustments to both revenues and expenditures, and will reflect revenue receipts through April, the largest revenue month for the State.

## Treasurer Announces New Appointees

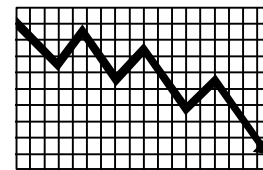
The Treasurer announced the appointments of four additional members of his management team. Cathy Calfo has been appointed as Deputy Treasurer and will be responsible for communications and legislation.

Lawrence Magid has been appointed as Executive Director of the California Alternative Energy and Advanced Transportation Financing Authority.

Sumi Sousa will serve as Executive Director of the California Health Facilities Financing Authority.

Hugo Lopez will serve as the Executive Director for the California Debt and Investment Advisory Commission.

## California's Unemployment Rate Drops to 5.6%



The State's unemployment rate dropped to 5.6 percent in February, down from a revised 5.8 percent in January. This is the lowest unemployment rate in the state since July 1990. The unemployment rate a year ago, in February 1998, was 6.0 percent.

March marked the 34th consecutive month of record high payroll employment in California. According to the Employment Development Department, job growth in California between January and February was 12,000, setting a new record of over 15 million jobs. Analysts stated that the solid pace of 1998's construction and real estate activity continued in January and the rate of home construction also rose sharply contributing to the statewide employment growth.

## Listing of Mandatory Tender

This listing reflects mandatory tender officially announced as of April 1, 1999.

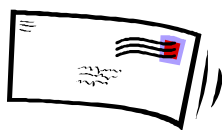
**State of California Veterans General Obligation Bonds, Series BJ, Dated Date: December 29, 1997.** Mandatory tender date has been designated as April 28, 1999.

\$271,500,000 of the bonds are required to be tendered for purchase on April 28, 1999.

*If you have any questions regarding these bonds, please call the State Treasurer's Office at (800) 900-3873.*

## Have a Question You Would Like to Ask the State Treasurer?

Send it to:  
**Philip Angelides**  
**California State Treasurer**  
**Investor Relations Section**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**



Or call:  
**1-800-900-3873**  
**or (916) 653-3243**  
**Fax (916) 657-4827**

## Ask the State Treasurer

**Q:** I recently inherited a bearer bond which has a coupon with a small portion missing. Can I still collect the payment that is due on that coupon?

**A:** It is not uncommon for us to process mutilated bonds and coupons. Whether or not we will pay the mutilated coupon depends on how much of the coupon is missing. We may require the coupon and the bond to be submitted to our office for validation. Once the coupon is validated and verified, a payment will be made. Please contact the *Bondholder Services Section* at (800) 900-3873 if you need additional information.

**Q:** Bondholders frequently ask if their broker can electronically transfer their principal and interest payments directly to their bank instead of through the mail.

**A:** Brokers in the municipal bond industry offer a variety of services to their clients and charge fees. Since it is inappropriate for our office to recommend a broker, we suggest you shop around. By comparing services and prices, you should be able to find the broker which meets your particular needs.

## The Treasury Note Mailing List

If you would like to be on the mailing list to receive *The Treasury Note* monthly, please send your name and address to the *Investor Relations Section* at P.O. Box 942809, Sacramento, CA 94209-0001.

## Bond Sales Calendar\*

If you are interested in purchasing any of these bonds, please contact your broker two weeks before the sale date. For updated information regarding upcoming sales, please contact the *Debt Issuance Section* at (800) 900-3873.

BOND SALES	AMOUNT	SALE DATE
Various Purpose General Obligation Bonds	\$300-\$375 million	April 7, 1999
Department of Veterans Affairs, General Obligation Bonds	\$80-\$120 million	April 14, 1999
Department of Veterans Affairs, General Obligation Bonds - Short Term Remarketing	\$271.5 million	April 14, 1999
State Public Works Board Refunding, Various Lease Revenue Bonds	To be determined	Market Watch

**\*Subject to change without notice.**